

Section 20: CONSTRUCTION

20.1 General. The Construction Agents have the responsibility to administer and manage all aspects of construction in consonance with the final plans and specifications. The Tricare Management Activity - Defense Medical Facilities Office (TMA-DMFO) has the overall fiscal responsibility for the medical MILCON program. The Surgeon General's Health Facilities personnel for the respective Military Departments are responsible for ensuring compliance with medical functional standards and requirements during construction, for providing assistance and liaison between the medical community and the Construction Agent, and for providing continuity from planning and design through beneficial occupancy for each project.

20.2 Advertising. Authority to advertise the construction contract will be given by the TMA-DMFO when the Design Agent has submitted to the TMA-DMFO a certification that the design is complete, it complies with the approved concept design, and provides a copy of the validated Current Working Estimate (CWE) indicating the base bid and any proposed additive bid items. A copy of this information will also be provided to the using Military Departments.

20.3 Contract Award. The Construction Agent without TMA-DMFO prior approval may award projects if the low bid CWE is less than or equal to the authorized Programmed Amount (PA) and if that authorization had been previously provided with the TMA-DMFO advertising authority. If the low base bid CWE exceeds the current PA, the Construction Agent will coordinate with the using Military Department within three working days of bid opening to determine the best course of action. The Construction Agent, after consulting with the using Military Department, will provide recommendations and options available to TMA-DMFO regarding disposition of the bid results. Recommendations will include any possible measures that would allow construction contract award within the current PA.

20.3.1 Bid Opening Report. The Construction Agent will utilize the bid opening report to develop the government approved CWE. The CWE will identify all project cost data including the contractor bid amounts (base bid plus additives) and all other non-contractor cost data which will form the basis of the recommended award CWE.

20.3.2 Award Report. The construction agent will provide the TMA-DMFO a contract award report within five working days of the construction contract award date. TMA-DMFO The report will include the final CWE (base bid and additive items, other costs as listed in 20.3.1 above), name of contractor, award date, anticipated date of notice to proceed, projected construction start date, and anticipate Beneficial Occupancy Date (BOD).

20.4 Construction Management. This guidance applies to all projects in the Defense Medical Program unless a waiver is obtained from the TMA-DMFO.

20.4.1 Construction Management Plan. (Army Corps of Engineers) The Design/Construction Agent will develop a Construction Management Plan (CMP) in close coordination with the using Military Department. The CMP will establish the processes and procedures for the execution of the construction contract. The CMP shall include construction coordination meetings, and construction

quarterly meetings, as deemed appropriate. The CMP, as part of the Army Corps of Engineers Structure, will establish a Corporate Group, consisting of headquarters level members from the Construction Agent and the using Military Department. The Corporate Group will review all non-mandatory construction changes that exceed \$5,000, or amount as otherwise directed in the CMP, and make a determination to either fund the change or to defer it for future consideration, dependent on the availability of funds near the completion of the construction. Non-mandatory changes that exceed \$5,000 and for which there is disagreement among the Corporate Group may be submitted to TMA-DMFO for approval. The Corporate Group will also approve the use of all construction funds for other than construction changes, such as Architect-Engineer services during construction and extensions of design.

20.4.2 Construction Management Team. Establish a Construction Management Team for all Medical MILCON projects. The team should consist of representation from the following organizations:

20.4.2.1 Design & Construction Agent. The Construction Agent administers the construction contract, in coordination with the design agent if different. The management of the contract and interface with the construction contractor are the responsibility of the Construction Agent.

20.4.2.2 Military Department. The using Military Department representatives will coordinate contract change orders that may affect the functional use of the facility, processing user initiated change order requests, and assisting the Construction Agent in expediting the acceptance and transfer of the completed construction. The using Military Department may participate in review of shop drawings.

20.4.2.3 Installation Engineer. The Installation Engineer will participate in matters which affect the military installation such as maintainability, outages of site utilities, and traffic flow.

20.5 Construction Change Orders. Changes shall be incorporated in a manner that will minimize disruption to the ongoing construction contract and, for renovation projects, also minimize the impacts to the operation of the Medical Treatment Facility. Approval authority is dependent on the size, type of change, and project funds status, as enumerated below:

20.5.1 Mandatory Changes. Mandatory changes are changes that must be made to allow the construction to proceed in accordance with the Government approved construction schedule and to provide a complete and operational facility. These changes normally fall into one of the following categories:

20.5.1.1 Differing site conditions

20.5.1.2 Design errors or omissions in the plans or specifications

20.5.2 Non-Mandatory Changes. Contract modifications for changes in medical operating procedures, equipment, or capabilities; improvements to the maintainability or functionality of the facility; or implementation of contractor value engineering (VE) proposals. These are changes which, whether implemented or not, will result in a fully functional facility when the facility is completed.

20.5.3 Using Service Change Requests (USCR). Changes that are initiated by the Military Department are Using Service change requests (USCR). Usually these changes result from changed user requirements, mission changes, operational changes, functional changes, support equipment revisions, and usually originate at the end user, installation level. These changes will be evaluated on a case by case basis to determine whether they are mandatory or non-mandatory. If determined to be non-mandatory and if they exceed the dollar threshold then the Corporate Group must authorize the change prior to the Construction Agent execution of the contract change order.

20.5.4 Contractor V-E Proposals. These changes must be carefully scrutinized by the appropriate level within the Construction Agency (HQUSACE and HQNAVFAC) and by the using Military Department to assure technical criteria and medical standards/requirements are not compromised. The Corporate Group, established as part of the Army Corps of Engineers process, prior to execution, must approve these changes.

20.5.5 Criteria and System Changes. Changes that alter system designs, life safety features, or change functional requirements must be submitted to the Medical Facilities Design Office (Navy) or Corps of Engineers as appropriate, and the using Military Department representative prior to approval and incorporation.

20.5.6 TMA-DMFO Approval. TMA-DMFO must approve all changes that add significant new features to the project, which were not originally contemplated in the design. All change orders, with a cumulative government cost estimate in excess of \$100,000, or other proposed construction contingency obligations in excess of \$100,000, must be submitted to the TMA-DMFO for concurrence and approval prior to obligation of construction funds. These proposed changes will be coordinated thru the HQUSACE (CEMP-MD) and HQNAVFAC (MFDO) prior to submission to TMA-DMFO.

20.5.7 Procedures. The Construction Management Team construction change order approvals will be at the field level unless otherwise negotiated between the Design/Construction Agent, the using Military Department, and the contractor, as identified in the Construction Management Plan.

20.5.8 Change Order Processing Length A plan of action to complete requested changes, pending in excess of 90 days from the date identified, will be prepared by the Design/Construction Agent to notify the using Military Department of the time frame for incorporation or resolution of the change.

20.5.9 Mediation. Non-mandatory construction change requests, which cannot be resolved between the Construction Agent and the using Military Department, may be submitted through the appropriate channels to TMA-DMFO for review and final decision.

20.6 Construction Funds.

20.6.1 Funds Management. TMA-DMFO may sub-allocate all of the apportioned construction funds to HQUSACE (CEMP-MD)/HQNAVFAC (MFDO). The Agent can allocate the funds at construction contract award.

20.6.2 Reporting. HQUSACE (CEMP-MD)/HQNAVFAC (MFDO) will provide a quarterly report with the status of funds to the TMA-DMFO and the using Military Department. The report shall include the usage of all construction funds and obligations. The accounting of the construction funds usage should also include Engineering and Design during Construction (EDC) obligations, as applicable. The report should contain, as a minimum, the original award amount, amount of executed modifications, costs related to Engineering During Construction, cost of A-E post award services, program management reserve, Category E&F equipment costs, and set-aside costs for other project funded items.

20.6.3 Funds Availability. If funds required for either mandatory or non-mandatory changes exceed the amount available and the management reserve account is inadequate, the Construction Agent will notify TMA-DMFO in writing along with justification for additional contingency funds as appropriate.

20.7 Installed Equipment (Category E and F).

20.7.1 Funds Management. The Construction Agent will sub-allocate funds required to procure this equipment as determined by the using Military Department up to the amount shown on the DD Form 1391 and as reflected in the equipment list as Category E and F.

20.7.2 TMA-DMFO Notification. The Construction Agent shall notify TMA-DMFO if actual requirements exceed the apportioned amount.

20.7.3 Reporting. The Construction Agent shall provide TMA-DMFO with a quarterly update on the status of MILCON equipment funds. Final MILCON Funds Status Report (reference paragraph 20.9.2) shall include a list of the equipment purchased by the Construction Agent or using Military Department.

20.8 Contractor Claims.

20.8.1 TMA-DMFO Notification. The Construction Agent will notify TMA-DMFO and the Military Department of submitted contractor claims that have been approved by the Contracting Officer or the Board of Contract Appeals within 30 working days of date of the determination to reimburse the contractor, for claims in excess of \$100,000.

20.8.2 Reporting. Such claims will be accompanied with a narrative explanation and assessment of the claim's merit, recommended resolution, estimated final cost, and whether or not sufficient contingency funds are available.

20.8.3 TMA-DMFO Authority. The TMA-DMFO is responsible for monitoring fiscal compliance with the Public Law that provided Military Construction authorization. The Construction Agent is responsible for keeping the TMA-DMFO apprised of any field decision or change order request with merit, which may exceed the Public Law and require a Congressional cost variation hearing.

20.9 TMA-DMFO Quarterly Execution Reporting Requirements. The Design and Construction Agents submit the following reports to TMA-DMFO and the using Military Department no later than three days prior to each Quarterly Execution meeting. This standardized report should be used by the Design and

Construction Agents.

20.9.1 Project Status Report (Figure 2-3).

20.9.2 MILCON Funds Status Report (Figure 2-4). The information for each project should consist of the following information, as a minimum:

20.9.2.1 Title and location

20.9.2.2 Using Military Department

20.9.2.3 Program Amount (PA)

20.9.2.4 Amount of Medical MILCON funds sub-allocated for the project

20.9.2.5 Estimated award Current Working Estimate (CWE) for projects which have not yet reached bid opening date

20.9.2.6 Actual award CWE for awarded projects

20.9.2.7 Scheduled and Actual percentage construction completion, as applicable.

20.10 Post-Occupancy Evaluation (POE). The Military Departments will determine the need to conduct Post-Occupancy Evaluations of new facilities and periodic on-site visits to all other facilities. Copies of all Post Occupancy Evaluation reports will be provided to the TMA-DMFO for information. Information gathered will be used to update design criteria (see Section 1). The Military Departments are also authorized to perform their own Post Occupancy Evaluations.

20.11 JCAHO Statement of Conditions. The Construction Agent will provide an updated Statement of Conditions (SOC) for the Joint Commission on Accreditation of Healthcare Occupancies (JCAHO) Environment of Care Standards for certification purposes, at the completion of construction. The designer of record will complete the SOC and the Construction Agent will provide copies to the using Military Department and the medical facility.